

Michigan Department of Treasury
496 (02/06)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Grand Blanc Fire Commission	County Genesee
Fiscal Year End 12/31/07	Opinion Date 4/7/08	Date Audit Report Submitted to State 4/28/08	

We affirm that:

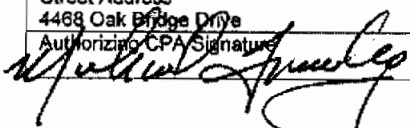
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | | YES | NO | Check each applicable box below. (See instructions for further detail.) |
|-----|-------------------------------------|--------------------------|---|
| 1. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary. |
| 2. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures. |
| 3. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury. |
| 4. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has adopted a budget for all required funds. |
| 5. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | A public hearing on the budget was held in accordance with State statute. |
| 6. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division. |
| 7. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit. |
| 8. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit only holds deposits/investments that comply with statutory requirements. |
| 9. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i> , as revised (see Appendix H of Bulletin). |
| 10. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover. |
| 11. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit is free of repeated comments from previous years. |
| 12. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The audit opinion is UNQUALIFIED. |
| 13. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP). |
| 14. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | The board or council approves all invoices prior to payment as required by charter or statute. |
| 15. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | To our knowledge, bank reconciliations that were reviewed were performed timely. |

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Yeo & Yeo, P.C., CPAs		Telephone Number 810-732-3000	
Street Address 4468 Oak Bridge Drive		City Flint	State MI
Zip 48532		License Number 110104593	
Authorizing CPA Signature 		Printed Name: MICHAEL FRAWLEY	

**GRAND BLANC FIRE
COMMISSION**

Grand Blanc, Michigan

**Annual Financial Statements
and Auditors' Report**

December 31, 2007

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GRAND BLANC FIRE COMMISSION
Members of the Board of Commissioners and Administration
December 31, 2007

Board of Commissioners

Paul D. Bush

Chairperson

Patricia J. Rockafellow

Vice-Chairperson

D. Keith Baldwin

Treasurer

Dennis D. Christman

Secretary

Peter L. Venos

Trustee

Administration

James B. Harmes

Fire Chief

Richard Ferriby

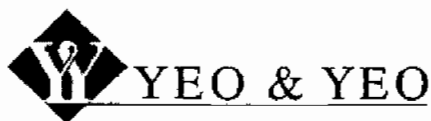
Deputy Chief

Robert H. Burdette

Deputy Chief

Alexis Davlantes

Office Manager



4468 Oak Bridge Drive
Flint, MI 48532
Phone (810) 732-3000 / (800) 899-4742
Fax (810) 732-6118

Independent Auditors' Report

Board of Directors
Grand Blanc Fire Commission

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Blanc Fire Commission as of December 31, 2007, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Grand Blanc Fire Commission at December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United State of America. Accordingly, such information should be read in conjunction with Grand Blanc Fire Commission's financial statements for the year ended December 31, 2006, from which such partial information was derived.

The management's discussion and analysis and budgetary comparison information identified in the table of contents is not a required part of the basic financial statements but is supplemental information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Yeo & Yeo, P.C.

Flint, Michigan
April 7, 2008

Grand Blanc Fire Commission
Management's Discussion & Analysis
December 31, 2007

Within this section of the Grand Blanc Fire Commission's annual financial report, the Commission's management is providing a narrative discussion and analysis of the financial activities of the Commission for the fiscal year that has ended on December 31, 2007. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Commission's basic financial statements. The basic financial statements include the following: 1) government-wide financial statements, 2) fund financial information, 3) notes to the financial statements. The Commission also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide the reader a broad overview of the Commission's finances. Although this is a government entity, the manner in which they are presented is similar to a private-sector business.

The *statement of net assets* presents information on all of the Commission's assets and liabilities, with the difference between the two reported as *net assets*. As the Commission continues to operate, increases and decreases in net assets will occur and may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The *statement of activities* demonstrates information on how the Commission's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Commission's distinct activities or functions on the revenues generated by the Commission.

Both government-wide financial statements distinguish governmental activities of the Commission that are intended to recover all or a significant portion of their costs through contributions, user fees, and charges. The Commission's financial reporting includes all the funds that the Commission is accountable.

Fund Financial Statements

A fund is an accountable unit used to maintain control over resources segregated for specific activities or objectives. The Commission uses funds to ensure and demonstrate compliance with finance-related laws and regulation.

**Grand Blanc Fire Commission
Management's Discussion & Analysis
December 31, 2007**

The Commission has three kinds of funds, a governmental fund, a proprietary fund, and a fiduciary fund. *Governmental funds* are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets. The *proprietary fund* is used to record the activities of the emergency vehicle fund – internal service fund, on the accrual basis of accounting. The *fiduciary fund* statements provide financial information about activities for which the Commission acts solely as an agent for the benefit of those outside the government.

Notes to the Financial Statement

The accompanying notes to the Financial Statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

This report includes Statement of Net Assets for the Internal Service Fund. Along with the Assets, this statement includes all liabilities both current and non-current of the Commission.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

Other supplementary information includes detail by fund for receivables, payables, transfers and payments within the reporting entity.

Financial Analysis of the Commission as a Whole

The Commission's net assets at the end of the fiscal year 2007 were \$ 1,605,621. This is a \$ 38,686 decrease over the 2006 fiscal year that ended at \$ 1,644,307.

Grand Blanc Fire Commission
Management's Discussion & Analysis
December 31, 2007

The following tables provide a summary of the Commission's financial activities in the net assets:

Summary of Net Assets

	2007	2006
Assets		
Current assets	\$ 576,514	\$ 490,178
Capital assets	1,375,919	1,537,155
Total assets	<u>1,952,433</u>	<u>2,027,333</u>
Liabilities		
Current liabilities	107,242	106,378
Long-term liabilities	239,570	276,648
Total liabilities	<u>346,812</u>	<u>383,026</u>
Net Assets		
Invested in capital asset, net of related debt	1,118,248	1,220,724
Unrestricted	487,373	423,583
Total net assets	<u>\$ 1,605,621</u>	<u>\$ 1,644,307</u>

Grand Blanc Fire Commission
Management's Discussion & Analysis
December 31, 2007

Summary of Changes in Net Assets

Revenue			
General revenue	2007	2006	
Interest and investment earnings	\$ 19,094	\$ 20,427	
Other general revenue	479	1,381	
Total general revenue	<u>19,573</u>	<u>21,808</u>	
Program revenue			
Charges for services	12,300	6,000	
Operating grants and contributions	571,784	577,408	
Capital grants and contributions	165,088	165,088	
Total revenue	<u>749,172</u>	<u>748,496</u>	
Expenses			
Fire protection	793,641	731,414	
Interest on long-term debt	13,790	10,944	
Total expenses	<u>807,431</u>	<u>742,358</u>	
Change in net assets	(38,686)	27,946	
Beginning net assets	<u>1,644,307</u>	<u>1,616,361</u>	
Ending net assets	<u>\$ 1,605,621</u>	<u>\$ 1,644,307</u>	

**Grand Blanc Fire Commission
Management's Discussion & Analysis
December 31, 2007**

Financial Analysis of the Commission's Funds

The Commission receives its funds from the City of Grand Blanc and the Charter Township of Grand Blanc at a rate of 25% and 75%, that is the City portion is 25% and the Township portion being 75%. These figures are used in both the emergency vehicle fund and the general fund.

General Fund Budgetary Highlights

The budget was originally adopted by the Commission and then approved by the Charter Township of Grand Blanc and then by the City of Grand Blanc. The Budget goes before the Township first because their Fiscal year is the same as ours, then it is passed in front of the City before June 1. The budget was amended in December 2007. The amendment included the approval of a \$ 20,000 fund balance transfer in order to meet current obligations. The transfer took place in January 2008.

Capital Asset and Debt Administration

The Commission started the fiscal year with a beginning debt balance of \$ 335,408, of that \$ 180,000 is attributed to the aerial platform purchased in 2001, \$ 16,431 is attributable to the 2004 Tahoe, and \$ 120,000 is attributable to the purchase of new air packs. The rest of the debt is for compensated absences, which is \$ 18,977. The reduction of the beginning debt balance was \$ 58,254 for the fiscal year 2007.

The payments that will be made in 2007 for the aerial platform truck, Chevrolet Tahoe, and air packs are as follows:

Aerial platform truck - \$ 30,000 (annual payment)
Tahoe - \$ 7,584 (in monthly installments)
Air packs - \$ 22,207 (annual payment)

The Commission purchased a total of \$ 8,472 of new equipment (all new turnout gear) for the fiscal year of 2007.

**Grand Blanc Fire Commission
Management's Discussion & Analysis
December 31, 2007**

Economic Conditions and Future Activities

Future operations of the Grand Blanc Fire Department will remain funded by the City of Grand Blanc and the Charter Township of Grand Blanc at its current rate. The amount may continue to grow due to the increase in the tax base of both governments.

Contacting the Commission's Financial Management

This report was designed to provide a general overview of the Commission's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information, please contact the Grand Blanc Fire Department/Commission at 117 High Street, Grand Blanc, MI 48439.

Grand Blanc Fire Commission
Statement of Net Assets
December 31, 2007 and 2006

	Governmental Activities	
	2007	2006
Assets		
Current assets		
Cash and cash equivalents	\$ 539,552	\$ 452,858
Due from other governmental units	36,962	37,320
Total current assets	<u>576,514</u>	<u>490,178</u>
Noncurrent assets		
Capital assets		
Buildings improvements	3,200	3,200
Office furniture and equipment	36,714	36,714
Radios	126,326	126,326
Emergency vehicles	2,136,297	2,136,297
Rescue equipment	226,399	221,680
Tools	355,476	355,476
Less: accumulated depreciation	<u>(1,508,493)</u>	<u>(1,342,538)</u>
Total noncurrent assets	<u>1,375,919</u>	<u>1,537,155</u>
Total assets	<u>1,952,433</u>	<u>2,027,333</u>
Liabilities		
Current liabilities		
Accounts payable	10,871	11,077
Accrued payroll	56,915	34,295
Current portion of long-term debt	59,791	58,760
Accrued interest	<u>1,872</u>	<u>2,246</u>
Total current liabilities	<u>129,449</u>	<u>106,378</u>

See Accompanying Notes to Financial Statements

Grand Blanc Fire Commission
Statement of Net Assets
December 31, 2007 and 2006

	Governmental Activities	
	2007	2006
Noncurrent liabilities		
Compensated absences payable	19,483	18,977
Long-term portion of notes payable	197,880	257,671
Total long-term liabilities	<u>217,363</u>	<u>276,648</u>
Total liabilities	<u>346,812</u>	<u>383,026</u>
Net Assets		
Invested in capital assets, net of related debt	1,118,248	1,220,724
Unrestricted	<u>487,373</u>	<u>423,583</u>
Total net assets	<u><u>\$ 1,605,621</u></u>	<u><u>\$ 1,644,307</u></u>

See Accompanying Notes to Financial Statements

Grand Blanc Fire Commission
Statement of Activities
Years Ended December 31, 2007 (and summarized totals for 2006)

	2007				2006	
	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets	
Functions/Programs		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities						
Fire Protection	\$ 793,641	\$ 12,300	\$ 571,784	\$ 165,088	\$ (44,469)	\$ 17,082
Interest on long-term debt	13,790				(13,790)	(10,944)
Totals	<u>\$ 807,431</u>	<u>\$ 12,300</u>	<u>\$ 571,784</u>	<u>\$ 165,088</u>	(58,259)	6,138
General revenues						
Interest and investment earnings					19,094	20,427
Gain (loss) on sale of asset					(45)	-
Other					524	1,381
Total general revenues					<u>19,573</u>	<u>21,808</u>
Change in net assets					(38,686)	27,946
Net assets - beginning					<u>1,644,307</u>	<u>1,616,361</u>
Net assets - ending					<u>\$ 1,605,621</u>	<u>1,644,307</u>

See Accompanying Notes to Financial Statements

Grand Blanc Fire Commission
Balance Sheet - Governmental Funds
December 31, 2007 and 2006

	General Fund	
	2007	2006
Assets		
Cash	\$ 173,392	\$ 162,762
Due from other governmental units	<u>35,839</u>	<u>36,152</u>
Total assets	<u>\$ 209,231</u>	<u>\$ 198,914</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 8,453	\$ 8,907
Accrued payroll	<u>56,915</u>	<u>34,295</u>
Total liabilities	65,368	43,202
Fund Balance		
Other undesignated	<u>143,863</u>	<u>155,712</u>
Total fund balance	<u>143,863</u>	<u>155,712</u>
Total liabilities and fund balance	<u>\$ 209,231</u>	<u>\$ 198,914</u>

Grand Blanc Fire Commission
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
December 31, 2007

Total fund balances for governmental funds **\$ 143,863**

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Those assets consist of:

Building improvements	\$ 3,200	
Office furniture and equipment	36,714	
Radios	126,326	
Rescue equipment	226,399	
Tools	355,476	
Less: accumulated depreciation	<u>(413,959)</u>	
		334,156

Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

Balance as of December 31, 2007 are as follows:

Compensated absences payable	(19,483)
Note payable - Air Packs	(98,824)

Net assets of the Emergency Vehicle Fund are included in the governmental activities 1,245,909

Net assets of governmental activities **\$ 1,605,621**

Grand Blanc Fire Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Years Ended December 31, 2007 and 2006

	General Fund	
	2007	2006
Revenues		
Member contributions:		
City of Grand Blanc	\$ 142,948	\$ 142,877
Charter Township of Grand Blanc	428,836	429,031
Interest earnings	6,367	6,142
Other income	12,824	12,881
Total revenues	590,975	590,931
Expenditures		
Salaries and fringe benefits	193,529	188,998
Part-time salaries and fringe benefits	255,710	194,083
Uniforms	564	4,029
Operating supplies	10,103	9,428
Building maintenance	2,050	4,396
Radio maintenance	1,842	2,560
Truck maintenance	-	5
Utilities	28,932	25,966
Conferences and workshops	14,820	16,254
Insurance	14,329	11,673
Workers' compensation	4,309	6,804
Accounting and auditing	5,000	5,250
Memberships and dues	2,690	1,969
Office supplies and postage	3,232	2,203
Contracted services	4,449	3,572
Equipment repair and replacement	17,243	10,854

See Accompanying Notes to Financial Statements

Grand Blanc Fire Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Years Ended December 31, 2007 and 2006

	General Fund	
	2007	2006
Expenditures continued		
Other capital outlay	27,016	208,434
Telephone	4,519	4,863
Physicals	5,857	5,146
Public education	-	679
Janitorial services	6,630	7,800
Total expenditures	602,824	714,966
Excess (deficiency) of revenues over expenditures	(11,849)	(124,035)
Other financing sources		
Proceeds from borrowing	-	120,000
Total other financing sources and uses	-	120,000
Net change in fund balance	(11,849)	(4,035)
Fund balance - beginning	155,712	159,747
Fund balance - ending	\$ 143,863	\$ 155,712

See Accompanying Notes to Financial Statements

Grand Blanc Fire Commission
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2007

Net change in fund balances - total governmental funds **\$ (11,849)**

Total change in net assets reported for governmental activities in the statement of activities
is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	\$ (59,792)	
Capital outlay	<u>8,427</u>	(51,365)

Some expenses reported in the statement of activities do not require the use of current financial resources and,
therefore, are not reported as expenditures in governmental funds.

Change in compensated absences payable		(506)
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Note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute
to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities
and does not affect the statement of activities.

Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement
of net assets.

Repayment of principal		21,176
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Emergency Vehicle Funds are included as governmental activities

		<u>3,858</u>
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Change in net assets of governmental activities

		<u><u>\$ (38,686)</u></u>
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Grand Blanc Fire Commission
Statement of Net Assets
Internal Service Fund
December 31, 2007 and 2006

	Emergency Vehicle Fund	
	2007	2006
Assets		
Current assets		
Cash and cash equivalents	\$ 366,160	\$ 290,097
Interest receivable	1,123	1,167
Total current assets	<u>367,283</u>	<u>291,264</u>
Noncurrent assets		
Capital assets		
Emergency vehicles	2,136,297	2,136,297
Less: accumulated depreciation	(1,094,534)	(984,663)
Total noncurrent assets	<u>1,041,763</u>	<u>1,151,634</u>
Total assets	<u>1,409,046</u>	<u>1,442,898</u>
Liabilities		
Current liabilities		
Accounts payable	2,418	2,170
Current portion of notes payable	37,584	37,584
Accrued interest on notes payable	1,872	2,246
Total current liabilities	<u>41,874</u>	<u>42,000</u>
Noncurrent liabilities		
Notes payable - long-term portion	121,263	158,847
Total noncurrent liabilities	<u>121,263</u>	<u>158,847</u>
Total liabilities	<u>163,137</u>	<u>200,847</u>
Net Assets		
Invested in capital assets, net of related debt	882,916	955,203
Unrestricted	<u>362,993</u>	<u>286,848</u>
Total net assets	<u>\$ 1,245,909</u>	<u>\$ 1,242,051</u>

Grand Blanc Fire Commission
Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Fund
Years Ended December 31, 2007

	Emergency Vehicle Fund	
	2007	2006
Operating revenues		
City of Grand Blanc	\$ 41,272	\$ 41,272
Charter Township of Grand Blanc	123,816	123,816
Total operating revenue	<u>165,088</u>	<u>165,088</u>
Operating expenses		
Gas, oil, and grease	11,782	11,782
Truck repair and maintenance	19,746	15,462
Equipment maintenance	1,177	1,088
Insurance on rolling stock	23,431	23,214
Depreciation	109,871	110,940
Service charge	-	11
Total operating expenses	<u>166,007</u>	<u>162,497</u>
Operating income (loss)	<u>(919)</u>	<u>2,591</u>
Nonoperating revenues and expenses		
Interest income	12,727	14,285
Interest expense	(7,950)	(10,944)
Total nonoperating revenues and expenses	<u>4,777</u>	<u>3,341</u>
Net assets		
Increase (decrease) in net assets	3,858	5,932
Total net assets, beginning of year	<u>1,242,051</u>	<u>1,236,119</u>
Total net assets, end of year	<u>\$ 1,245,909</u>	<u>\$ 1,242,051</u>

Grand Blanc Fire Commission
Statement of Cash Flows
Internal Service Fund
Years Ended December 31, 2007 and 2006

	Emergency Vehicle Fund	
	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Other receipts	\$ 165,132	\$ 163,921
Payments to suppliers	<u>(56,262)</u>	<u>(53,957)</u>
Net cash provided by operating activities	108,870	109,964
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	-	(18,314)
Interest payments on debt	(7,950)	(10,944)
Payments on long-term debt	<u>(37,584)</u>	<u>(163,752)</u>
Net cash used by capital and related financing activities	<u>(45,534)</u>	<u>(193,010)</u>
Net Cash Flows from Investing Activities		
Interest income	<u>12,727</u>	<u>14,285</u>
Net decrease in cash and cash equivalents	76,063	(68,761)
Cash and cash equivalents at beginning of year	<u>290,097</u>	<u>358,858</u>
Cash and cash equivalents at end of year	<u><u>\$ 366,160</u></u>	<u><u>\$ 290,097</u></u>

See Accompanying Notes to Financial Statements

Grand Blanc Fire Commission
Statement of Cash Flows
Internal Service Fund
Years Ended December 31, 2007 and 2006

	Emergency Vehicle Fund	
	<u>2007</u>	<u>2006</u>
Reconciliation of Operating Income to Net cash		
Provided by Operating Activities		
Operating income (loss)	\$ (919)	\$ 2,591
Adjustments to reconcile operating income to net cash		
provided by operating activities		
Depreciation	109,871	110,940
Change in assets		
Accrued interest on CDs	44	(1,167)
Change in liabilities		
Accounts payable	248	643
Accrued interest	(374)	(3,043)
Net cash provided by operating activities	<u>\$ 108,870</u>	<u>\$ 109,964</u>

See Accompanying Notes to Financial Statements

**Grand Blanc Fire Commission
Statement of Fiduciary Net Assets
December 31, 2007 and 2006**

	Agency Funds	
	2007	2006
Assets		
Cash and cash equivalents	<u>\$ 5,074</u>	<u>\$ 4,241</u>
Liabilities		
Due to Fire Fighters' Club	<u>\$ 5,074</u>	<u>\$ 4,241</u>

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Grand Blanc Fire Commission (the Commission) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Commission's significant accounting policies:

Reporting Entity

The Grand Blanc Fire Commission is a joint venture of the City of Grand Blanc and the Charter Township of Grand Blanc, formed by a contractual agreement between the two communities in accordance with Michigan Public Act 33 of 1951. The Commission provides fire protection for both communities and the expenses are shared 75 percent by the Charter Township of Grand Blanc and 25 percent by the City of Grand Blanc. The Commission was legally established on September 13, 1989, and began operations January 1, 1990. The Commission is comprised of five members, as follows: Two appointed by the City Council (one of which will be a council member), two appointed by the Township Board (one of which will be a board member) and one selected by the members of the Fire Department (from among its membership). The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Commission's reporting entity, and which organizations are legally separate component units of the Commission. The Commission has no component units.

Government-wide Financial Statements

The Commission's basic financial statements include both government-wide (reporting for the government as a whole) and fund financial statements (reporting the Commission's major funds). The government-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the Commission's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

The statement of activities reports both the gross and net cost of each of the Commission's functions. The functions are also supported by general government revenues (intergovernmental revenues, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Commission does not allocate indirect costs. In creating the government-wide financial statements the Commission has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Commission as an entity and the change in the Commission's net assets resulting from current year activities

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The accrual basis of accounting is used by the Internal Service Fund. The General Fund utilizes the modified-accrual basis of accounting. Revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Other revenue is recorded when received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission's internal service fund are charges to the member communities. Operating expenses for the internal service fund include costs associated with maintaining and repairing emergency vehicles and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Commission reports the following major governmental fund:

General Fund – The General Fund contains the records of the general operating activities of the Commission. General Fund activities are financed by contributions from the member communities.

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

Additionally, the Commission reports the following fund types:

Emergency Vehicle Fund (internal service fund type) – The Emergency Vehicle Fund is used to account for the financing of emergency vehicles provided to the General Fund of the Commission. Emergency Vehicle Fund activities are financed by charges to the member communities.

Agency Fund (fiduciary fund type) - Agency Fund is used to account for assets held by the Commission as an agent for private organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Assets, Liabilities and Equity

Deposits and Investments - The Commission's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at varying amounts which reasonably estimates fair value.

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them back into the proper reporting fund. These balances are paid back as cash flow permits.

Inventories and Prepaid Items - Payments for inventorable types of supplies are recorded as expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Commission defines capital assets as assets with an initial individual cost in excess of \$ 2,500. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The Commission does not have infrastructure assets.

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

Buildings improvements, furniture and equipment, tools, and emergency vehicles are depreciated using the straight-line method over the following useful lives:

Building improvements	15-20 years
Office furniture & equipment	5-20 years
Radios	7-25 years
Emergency vehicles	5-20 years
Rescue equipment	7-15 years
Tools	7-20 years

Long-term Obligations – In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

Economic Dependency

The Commission receives approximately 75% of their general fund revenue from the Charter Township of Grand Blanc. Due to the significance of this revenue source, the Commission is considered to be economically dependent on the Charter Township of Grand Blanc.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the General Fund. All annual appropriations lapse at fiscal year end.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis.

Budgeted amounts are as originally adopted, or as amended by the Board throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compile Laws Section 129.91 (Public Act 20 of 1943, as amended), authorizes local government units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptances of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Custodial credit risk – deposits – This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a policy that addresses custodial credit risk. As of December 31, 2007, \$ 343,307 of the Commission's bank balance of \$ 543,307 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the Commission can be summarized as follows:

For the year ended December 31, 2007:

	Balance December 31, 2006	Additions	Disposal and Adjustments	Balance December 31, 2007
Building improvements	\$ 3,200			\$ 3,200
Office furniture and equipment	36,714			36,714
Radios	126,326			126,326
Emergency vehicles	2,136,297			2,136,297
Rescue equipment	221,680	\$ 8,472	\$ 3,753	226,399
Tools	355,476			355,476
Subtotal	2,879,693	8,472	3,753	2,884,412
Less accumulated depreciation				
Building improvements	(639)	(214)		(853)
Office furniture and equipment	(22,817)	(2,417)		(25,234)
Radios	(60,497)	(10,183)		(70,680)
Emergency vehicles	(984,864)	(109,870)		(1,094,534)
Rescue equipment	(142,361)	(21,517)	(3,708)	(160,170)
Tools	(131,560)	(25,461)		(157,021)
Total accumulated depreciation	(1,342,538)	(169,662)	(3,708)	(1,508,492)
Total	<u>\$ 1,537,155</u>	<u>\$ (161,190)</u>	<u>\$ 45</u>	<u>\$ 1,375,920</u>

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

For the year ended December 31, 2006:

	Balance December 31, 2005	Additions	Disposal and Adjustments	Balance December 31, 2006
Building improvements	\$ 3,200			\$ 3,200
Office furniture and equipment	27,354	\$ 9,360		36,714
Radios	126,326			126,326
Emergency vehicles	2,117,983	18,314		2,136,297
Rescue equipment	206,002	15,678		221,680
Tools	293,464	182,612	\$ 120,600	355,476
Subtotal	2,774,329	225,964	120,600	2,879,693
Less accumulated depreciation				
Building improvements	(426)	(213)		(639)
Office furniture and equipment	(19,812)	(3,005)		(22,817)
Radios	(49,377)	(11,120)		(60,497)
Emergency vehicles	(873,724)	(110,940)		(984,664)
Rescue equipment	(121,700)	(20,661)		(142,361)
Tools	(226,114)	(24,463)	(119,017)	(131,590)
Total accumulated depreciation	(1,291,153)	(170,402)	(119,017)	(1,342,538)
Total	<u>\$ 1,483,176</u>	<u>\$ 55,562</u>	<u>\$ 1,583</u>	<u>\$ 1,537,155</u>

Depreciation expense for the years ended December 31, 2007 and 2006 were \$ 169,663 and \$ 170,402 respectively.

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

NOTE 5 - COMPENSATED ABSENCES

One part of the long-term debt of the Fire Commission is comprised of accumulated employee absences. This represents the estimated liability payable to employees upon termination under the Commission's sick and vacation pay policy, net of the portion that will be paid currently. Under the Commission's policy, employees can earn sick and vacation time based on time of service with the Commission. As of December 31, 2007 and 2006, the balance was \$ 19,483 and \$ 18,977 respectively.

NOTE 6 - LONG-TERM DEBT

The Commission issues notes, and other contractual commitments to provide for the acquisition of certain equipment. Other long-term obligations include compensated absences. Long-term obligation activity can be summarized as follows:

For the year ended December 31, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Aerial platform truck	\$ 180,000		\$ 30,000	\$ 150,000	\$ 30,000
2004 Tahoe installment loan	16,431		7,584	8,847	7,584
Air packs	120,000		21,176	98,824	22,207
Compensated absences	18,977	\$ 506		19,483	
	<u>\$ 335,408</u>	<u>\$ 506</u>	<u>\$ 58,760</u>	<u>\$ 277,154</u>	<u>\$ 59,791</u>

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

For the year ended December 31, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Aerial platform truck	\$ 210,000		\$ 30,000	\$ 180,000	\$ 30,000
Pumper truck lease purchase	126,168		126,168	-	-
2004 Tahoe installment loan	24,015		7,584	16,431	7,584
Air packs	-	\$ 120,000		120,000	21,176
Compensated absences	18,421	556		18,977	
	<u>\$ 378,604</u>	<u>\$ 556</u>	<u>\$ 163,752</u>	<u>\$ 335,408</u>	<u>\$ 58,760</u>

The City of Grand Blanc in conjunction with the Township of Grand Blanc entered into an installment contract to purchase an aerial platform truck on behalf of the Fire Commission. The contract was initiated in accordance with the provisions of Act No. 99, Public Acts of Michigan 1933. By agreement of the parties, these obligations have been assigned to the Fire Commission. The principal amount of the installment contract is \$ 300,000 payable over ten years. The contract bears interest at 4.99%, payable semi-annually in April and October. Annual principal payments began April 2003 and extend through April 2011. The contract is secured by the aerial platform truck. The annual requirement to pay principal and interest on this obligation at December 31, 2007 is summarized as follows:

Year Ended December 31, 2007	Principal	Interest	Total
2008	\$ 30,000	\$ 6,736	\$ 36,736
2009	40,000	4,990	44,990
2010	40,000	2,994	42,994
2011	40,000	998	40,998
Total debt payments	<u>\$ 150,000</u>	<u>\$ 15,718</u>	<u>\$ 165,718</u>

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

During 2004, the Commission entered into an installment loan agreement for the purchase of a 2004 Tahoe for a total purchase price of \$ 37,919. The note bears a 0% interest rate and is due in monthly installments of \$ 632. The annual requirement to pay the principal balance of the agreement is as follows:

Year Ended December 31, 2007	Principal	Interest	Total
2008	\$ 7,584	\$ -	\$ 7,584
2009	1,264	-	1,264
Total debt payments	<u>\$ 8,848</u>	<u>\$ -</u>	<u>\$ 8,848</u>

At the end of 2005, the Commission entered into a loan agreement with The State Bank in the amount of \$ 120,000 for the purchase of air packs. The Commission took possession of the air packs in February 2006 for a total cost of \$ 181,029. The loan bears a rate of 4.86%, payable in annual installments of \$ 27,016 beginning in March 2007. The annual requirements to pay the principal balance of the agreement is as follows:

Year Ended December 31, 2007	Principal	Interest	Total
2008	\$ 22,207	\$ 4,809	\$ 27,016
2009	23,287	3,729	27,016
2010	24,420	2,595	27,015
2011	28,910	1,407	30,317
Total debt payments	<u>\$ 98,824</u>	<u>\$ 12,540</u>	<u>\$ 111,364</u>

NOTE 7 - DEFERRED COMPENSATION

The Fire Commission offers its employees a deferred compensation plan created in accordance with IRC Section 457A. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency. The Fire Commission contributes \$ 80 annually for each participant plus \$ 2 per fire run. Total employer contributions for the years ended December 31, 2007 and 2006 were \$ 10,841 and \$ 11,084 respectively.

Grand Blanc Fire Commission
Notes to Financial Statements
December 31, 2007

All amounts of compensation deferred under the Section 457A Plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the sole benefit of the employees. The assets are not subject to the claims of the employer's general creditors.

Participants' rights created under the plan are limited to the fair market value of the deferred account maintained with respect to each participant.

NOTE 8 - PENSION PLAN

Plan Description

The Fire Commission is the plan sponsor for a defined contribution retirement plan which provides retirement benefits for all full-time permanent employees. The plan is administered by the International City Management Association Retirement Corporation (ICMARC).

Funding Policy

Participants vest at service inception and are entitled to one hundred percent of vested contributions. The plan is a money purchase plan qualified under Section 401 of the Internal Revenue Code.

Annual Pension Cost

Contributions during 2007 and 2006, respectively, were 15% of the permanent full-time employees base salaries of \$ 126,640 and \$ 123,349 and totaled \$ 18,996 and \$ 18,502.

NOTE 9 - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to property loss, torts, errors, and omissions, and employee injuries. The Commission has purchased insurance for these claims. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - SUBSEQUENT EVENT

The Commission has entered into an agreement with Pierce Manufacturing, Inc. for the purchase of two pumper trucks. The first truck, at a cost of \$ 430,646, is to be received by the Commission after January 1, 2009. The second truck, at a cost of \$ 413,199 is to be received by the Commission after January 1, 2010. The payments for these two trucks will be figured in to the Commission's budget for said years.

Grand Blanc Fire Commission
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2007

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Member contributions:				
City of Grand Blanc	\$ 142,948	\$ 142,948	\$ 142,948	\$ -
Charter Township of Grand Blanc	428,844	428,844	428,836	(8)
Interest earnings	3,000	3,000	6,367	3,367
Other income	8,000	8,000	12,824	4,824
Total revenues and other sources	582,792	582,792	590,975	8,183
Expenditures				
Salaries and fringe benefits	195,373	195,373	193,529	(1,844)
Part-time salaries and fringe benefits	210,555	210,555	255,710	45,155
Uniforms	4,764	4,764	564	(4,200)
Operating supplies	10,000	10,000	10,103	103
Building maintenance	4,000	4,000	2,050	(1,950)
Radio maintenance	1,500	1,500	1,842	342
Truck maintenance	-	-	-	-
Utilities	28,500	28,500	28,932	432
Conferences and workshops	5,000	5,000	14,820	9,820
Insurance - Building	5,000	5,000	14,329	9,329
Workers' compensation	12,000	12,000	4,309	(7,691)
Accounting and auditing	5,500	5,500	5,000	(500)
Memberships and dues	-	-	2,690	2,690
Office supplies, printing and postage	4,000	4,000	3,232	(768)
Contracted services	32,000	32,000	4,449	(27,551)
Equipment repair and replacement	21,000	21,000	17,243	(3,757)
Other capital outlay	25,500	25,500	27,016	1,516
Telephone	5,000	5,000	4,519	(481)
Physicals	5,000	5,000	5,857	857
Printing	6,000	6,000	-	(6,000)
Public education	2,000	2,000	-	(2,000)
Janitorial services	16,000	16,000	6,630	(9,370)
Miscellaneous	11,100	11,100	-	(11,100)
Total expenditures	609,792	609,792	602,824	(6,968)
Net change in fund balance	(27,000)	(27,000)	(11,849)	15,151
Fund balance - beginning	155,712	155,712	155,712	-
Fund balance - ending	\$ 128,712	\$ 128,712	\$ 143,863	\$ 15,151



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April 7, 2008

To the Board of Commissioners
Grand Blanc Fire Commission

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Blanc Fire Commission for the year ended December 31, 2007, and have issued our report thereon dated April 7, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 4, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Grand Blanc Fire Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Grand Blanc Fire Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007. We noted no transactions entered into by Grand Blanc Fire Commission during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Grand Blanc Fire Commission's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Grand Blanc Fire Commission, either individually or in the aggregate, indicate matters that could have a significant effect on the Grand Blanc Fire Commission's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Grand Blanc Fire Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

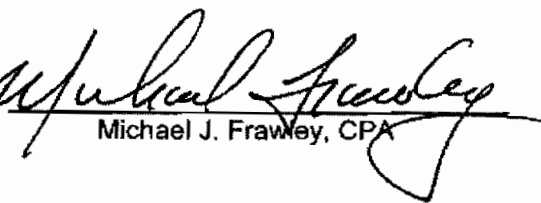
Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board of Commissioners and management of Grand Blanc Fire Commission and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Yeo & Yeo, P.C.
CPAs and Business Consultants

By 
Michael J. Frawley, CPA